

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

7) GENERAL LONG-TERM DEBT

A) Building and Site Bonds Payable

On September 29, 2005, the District issued \$16,455,000 General Obligation Unlimited Tax Refunding Bonds for the purpose of partially refunding 1993 Building and Site Bonds and 1997 Building and Site Bonds. The 2005 bonds are due in annual installments of \$690,000 to \$750,000 through May 1, 2027; interest ranging from 3.5% to 5% payable semi-annually. At June 30, 2017, \$7,500,000 of bonds outstanding are considered defeased.

2012 Debt Refunding Bonds

On July 18, 2012, the District issued \$6,540,000 of General Obligation Refunding Bonds, Series 2012, with an average interest rate of 3.0%. The bonds consist of serial bonds bearing fixed rates at 3% with annual maturities from May 2014 through May 2023. The District issued the bonds to refund the outstanding 2003 Bond Issue which are due and payable May 1, 2014 through May 1, 2023, inclusive, with a variable interest rate of 3.15% to 4.35%. The balance at June 30, 2017 was \$4,085,000. Payments on this debt are recorded in the District's 2012 Bond Debt Retirement Fund.

2012 School Improvement Bonds – Qualified Zone Academy Bonds

The District issued School Improvement Bonds (QZAB) dated December 7, 2013, in the amount of \$1,285,000, bearing interest at 4.1% per annum. The bonds are due in annual installments of \$85,000 to \$90,000 through May 1, 2028. The balance of the bonds as of June 30, 2017 was \$945,000. Payments on this debt are recorded in the District's General Fund.

2013 School Technology and Bus Bonds

The District issued 2013 School Technology and Bus Bonds dated May 17, 2013, in the amount of \$1,940,000, bearing interest at 1.75% per annum. The bonds were issued to partially renovate school buildings for technology purposes, acquiring and installing technology equipment and purchase school buses. The bonds are due in annual installments of \$40,000 to \$460,000 through May 1, 2022. The balance of the bonds as of June 30, 2017 was \$1,525,000. Payments on this debt are recorded in the District's 2013 School Technology and Bus Bonds Debt Fund.

2015 Debt Refunding Bonds

On March 24, 2015, the District issued \$8,965,000 of General Obligation Refunding Bonds, Series 2015, with an average interest rate of 2.7%. The bonds consist of serial bonds bearing fixed rates at 2.7% with annual maturities from May 2015 through May 2027. The District issued the bonds to refund the outstanding 2005 Bond Issue which are due and payable May 1, 2005 through May 1, 2027, inclusive, with a variable interest rate of 3.25% to 5%. The balance at June 30, 2017 was \$7,440,000. Payments on this debt are recorded in the District's 2015 Bond Debt Retirement Fund.

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7) GENERAL LONG-TERM DEBT (Continued)

B) The annual principal requirements for all debts outstanding as of June 30, 2017 are as follows:

	Bonds Payable	Interest	Total
June 30, 2018	\$1,700,000	\$387,121	\$2,087,121
June 30, 2019	1,745,000	339,343	2,084,343
June 30, 2020	1,790,000	291,109	2,081,109
June 30, 2021	1,835,000	242,431	2,077,431
June 30, 2022	1,875,000	193,249	2,068,249
June 30, 2023-2027	4,960,000	393,375	5,353,375
June 30, 2028	90,000	1,845	91,845
<u>TOTAL</u>	<u>\$13,995,000</u>	<u>\$1,848,473</u>	<u>\$15,843,473</u>

The payment dates of sick days payable are undeterminable. The interest expenditures on long-term obligations for the year were \$429,496.

D) CHANGES IN GENERAL LONG-TERM DEBT

Governmental Activities:	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
Bonds Payable	\$15,650,000	\$0	\$1,655,000	\$13,995,000	\$1,700,000
Issuance Discount	(58,553)	5,323	0	(53,230)	(5,323)
Issuance Premium	211,181	0	30,169	181,012	30,169
Vacation & Sick Days Payable	320,277	0	25,916	294,361	0
<u>Total Governmental Activities</u>	<u>\$16,122,905</u>	<u>\$5,323</u>	<u>\$1,711,085</u>	<u>\$14,417,143</u>	<u>\$1,724,846</u>

8) INTERFUND ACTIVITY

Interfund balances at June 30, 2017 consisted of the following:

		<u>DUE FROM</u>		
		General Fund	Food Service	Total
<u>DUE TO</u>	General Fund	\$0	\$451	\$451
	Food Service Fund	38,000	0	38,000
	Latchkey	45,000	0	45,000
	Capital Projects	981	0	981
	<u>TOTAL</u>	<u>\$83,981</u>	<u>\$451</u>	<u>\$84,432</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

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9) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017, consisted of the following:

TRANSFERS TO	TRANSFERS FROM		
	Food Service	Latchkey	Total
General Fund	<u>\$38,000</u>	<u>\$45,000</u>	<u>\$83,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the fund servicing the debt as debt payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

10) TAX ABATEMENTS

Effective for the year ended June 30, 2017 the District is required to disclose significant tax abatements as required by GASB statement 77 (Tax abatements).

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. There were no property taxes abated.

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

11) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	\$275,683
Capital Projects	<u>1,065,348</u>
<u>TOTAL</u>	<u>\$1,341,031</u>

12) RESTATEMENT OF NET POSITION

The restatement of the beginning of the year net position is as follows:

Net Position as previously stated June 30, 2016	(\$15,640,150)
Adjustment to Beginning Accumulated Depreciation due to Incorrect Calculation of Depreciation from Prior Year	<u>(78,458)</u>
<u>NET POSITION AS RESTATED JUNE 30, 2016</u>	<u>(\$15,718,608)</u>